ONDON, Jan. 20 (R). — His Highness Crown Prince lassan held talks today with British Prime Minister ames Callaghan on latest Middle East developments, British officials said Foreign Secretary David Owen was also present Officials said Prince Hassan would be leaving for Washington on Sunday. Mr. Callaghan has been in touch with President Carter, President Lower Sadat and Israeli Prime Minister Menachem Beurwar Sadat and Israeli Prime Minister Menachem Bein on the Israeli-Egyptian peace talks.

مكذا من الأمل JORDAN

An independent Arab political daily published by the Jardan Press Foundation جورين تايمز يومية سياسية تصدر بالأنجليزية عن المؤسسة الصحفية الاربنية «الراي»

AMMAN, SATURDAY, JANUARY 21, 1978 — SAFAR 12, 1398

N. Yemeni minister returns home

SAN'A, Jan. 20 (R). - North Yemen's Foreign Minister Abdullah Al Asnag returned here today after visits to Saudi Arabia, Jordan and Syrla where he delivered messages on the Middle East from the Yemeni President Ahmad Al Ghashmi to the leaders of these countries. Mr. Asnag told Reuters that he found unanimous desire in the three countries for Arab solidarity "in the face of Israel which refuses peace by its insistence on occupying Arab land." He said more than one Arab country would make contacts in the coming few days aiming at the convening of an Arab summit. Mr. Asnag is due to visit Egypt on Monday and will visit Libyan Jamahiriyah after Egypt.

Price: Jordan 50 fils; Syria 50 plastres; Lebanon 75 plastres; Sandi Arabia I riyal; UAE I dirham; Great Britain 25 pence.

ayan: Egypt's terms for resuming peace talks are "absurd"

CUPIED JERUSALEM, Jan. 20 (R). — Israeli Foreign (10) rister Moshe Dayan said tonight President Anwar Sa-'s conditions for resuming peace talks were "absurd." here will not be any talks" if Egypt does not modify demands for Israeli concessions, he said in a televiı interview.

and president Sadat, after a me- the United States' constructive tag with U.S. Secretary of role in mediating between the ' e Cyrus Vance today, said A for talks in Jerusalem only if Israel. He did not elaborate. at the lagreed in advance to wi-Plon aw from occupied Arab tere way and accept Palestinian

Volume 3, Number 657

Tell or. Dayan said : "If he realroposes a prior Israeli unthaking on issues which must taliscussed, then it looks like illock... and if he says thein k3 then nothing to negotiate, ം പ uny discussions."

Fr. vr. Dayan said of Mr. Sadat: w can he say leave the in Heights' and promise sety in the name of (Syrian "::ident Hafez) Assad."

SHINGTON, Jan. 26 (R).

United States said today U.S. failure to condemn all "aggression" in the

Ethiopia's ambassador to

t of Africa could lead to a

k in relations between

e ambassador, Mr. Ayalew

deiro, also told a news

erence that if the West

ies to give military aid to alia, it would be commit-it is "a very, very big error." he wind of victory is begin-

change" he added.

was referring to reports confirmed by the U.S.

ed States, Britain, France,

scuss the Somalia-Ethiopia

not allowing any foreign vement in its "war of de-

usends of East Europeans

esident Carter in his state

he union message to Con-

lied by the Soviet Union

the Confidence that the it Union and Cuba will

nit their own soldiers in conflict, transforming it

vion with broader strategic

cations," Mr. Carter said.

a local war to a confr-

the conflict.

Juba to Ethiopia were fael-

yesterday said that arms

to fight Ethiopian wars:

Page 6.

-: dermany and Italy will tomorrow in Washington

will Mandefro said Ethiopia

Department that the

onia and the United States

Ethiopia threatens U.S.

vith break in relations

A hardening in the Egyptian position was visible even before Foreign Minister Mohammad Ibrahim Kamel led his team home, he added. Mr. Dayan said he did not

regret any statement he had made which might have upset the Egyptians. "(President) Sadat of all others has the least right to complain," he told the interviewer. "Only today he called (Israeli Prime Minister) Menachem Begin arrogant. It cannot be unilateral."

two countries but said he was

The cabinet would decide on Sunday whether to continue with parallel military discus-The foreign minister praised sions with Egypt.

"We have made clear to bo-

th sides that we will supply no

arms for aggressive purposes. We want to see the fighting end

and the parties move from the



President Anwar Sadat (right) and U.S. Secretary of State Cyrus Vance smile for the photographers before their meeting in Cairo Friday to determine the future of the Middle East peace efforts.

Sadat wants things to "cool a bit," Vance aide says on way to Ankara

ANKARA, Jan. 20 (R). - President Anwar Sadat wants to "let things cool a bit" before resuming peace talks with Israel in Jerusalem, a senior U.S. official said today. "We've hit a bump on the

road." he told reporters. The official briefed journalists aboard the plane which took Mr. Vance from Cairo to Ankara for meetings with Turkish government leaders.

He said that in the present atmosphere, President Sadat believed that the foreign ministerial sessions in Jerusalem should remain in abeyance for But Mr. Vance was hopeful

PARIS, Jan. 20 (R). - Egyp-

tian Minister of Sta-

Dr. Butros Butros Ghali said in

an interview published here to-

day Israel knows it cannot ha-

ve peace and retain Arab lands.

He told the newspaper Le Monde that Israel's obsession

for security was genuine, but

Dr. Ghali said "Israel claims

it concealed expansionist aims.

Arab territories, sometimes on

grounds of security, sometimes

in the name of the Bible."

Affairs

for Foreign

battlefield to the negotiating table." that parallel military talks between the two countries in At his press conference today Egypt might restart shortly. Mr. Vance felt there was "a real overdose of emotions on both sides" and that the settlements issue was a major issue, the official said,

Mr. Mandefro accused Somalia of a Nazi-like racial policy of seeking to annex any country where people of Somali ethnic origin live. This completely violated the long-standing Organi-sation of African Unity (OAU) decision to respect national boundaries inside Africa, he ad-

In Washington, State_Department spokesman John Tratiner, referring to the coming five-nation meeting. "The purpose is to exchange views on the situation in the Horn of Africa, and discuss what might be done to contribute to the restoration of peaceful conditions there." "I can't say it will be a decision-making meeting," Mr. Trattner said when asked what authority the representatives

would have. Somalia's ambassador to France today accused both the Soviet Union and the Western powers of ignoring the real issue in the Horn of Africa.

It was not a border problem In fact the problem was re-lated to the ...lonisation of So-

malis by Ethiopia during the last century, Mr. Samantar

said. "Between E:hiopia and Somalia there are no borders in-herited from the colonial era."

The U.S. official said it was possible that State Department Middle East expert Alfred Atherton, who has remained in Cairo, would shuttle between the Egyptian capital and Jerusalem as American mediation continues. Mr. Atherton will go to Israel tomorrow to brief Prime Minister Menachem Begin.

Vance gets cold greeting in Ankara

Turkish Foreign Minister Gunduz Okcun greeted the U.S. secretary of state today with a blunt warning against American interference in Turkish-Greek relations or the Cyprus

Mr. Vance will spend less than 24 hours here in talks which Turkish leaders want to concentrate on their country's cool relations with the United

"Childish anti - Palestinian

propaganda" angered Egyptian

delegation, Butros Ghali says

torn between a desire for pea-

ce and a desire to keep the

territories, he said "but it knows that it cannot have both.

It has not yet reached the sta-

The Egyptian-Israeli peace

talks have been suspended, not broken off, he said. He quoted U.S. Secretary of State Cyrus

Vance as saying "there are ups

and downs in any negotiation."

Dr. Ghali said public statements by Israeli Prime-Minister Menachem Begin and Foreign

Minister Moshe Dayan had be-

en "the drop of water which overflowed the vessel."

Dr. Ghali, a member of the Egyptian delegation to the pe-

ace talks, said that in order

to show there was no doubt

about the Israeli refusal to

ge for making a choice."

These have been poor since the U.S. imposed an arms embargo on its NATO ally after the Turkish invasion of Cyprus in 1974.

In a welcoming speech, Mr. Okcun said: "I don't think that Mr. Vance will have time to be interested in some trouble spots like Cyprus and Turkish-Greek relations.

"We believe that these issues should be solved by the interested parties ... without any interference or involvement by any foreign or major power."

Mr. Okcun said: "The trouble spots which Mr. Vance will be interested in, I think, will be Turkish-American relations which have had a profile recently.

talk to the Palestinians, "they

deposited in our hotel rooms

anti-Palestinian propaganda." He showed Le Monde's cor-

respondent J.P. Peroncel-Hugoz

a brochure inscribed with let-

ters in blood reading "A PLO

state (would) be a deadly dan-

Dr. Ghali said that President

Sadat's move in going to Jeru-salem had received no proper

response. "To the act of faith

in the Israelis made hy our

president, they have not res-

ponded with an act of faith

in the Egyptians, Palestinians

and Arabs, who are entitled to

expect such an act from the Israeli side," he said. "Presid-

ent Sadat has gone to Jerusa-lem for the Palestinians as

much as for the Egyptians.'

Jerusalem some childish

Mr. Vance acknowledged that defence would be among the topics discussed before he traween both sides. vels on tomorrow to Athens and said that "a whole range of issues" would be tackled,

can accept." the issues" and Mr. Sadat said The secretary of state flew from Israel today for the me-Somali eting with President Sadat, who on Wednesday recalled his delegation from peace talpresident's ks in Jerusalem and threw into the balance his whole initiative for an Arab-Israeli settle-Diplomats in Cairo said toplane day that, judging from Mr. Sadat's harsh tone, it would be rammed by

far from easy for the United States -- in its present mediator's role -- to bring the foreign ministers of the two sides back to the conference table. The Egyptian leader repeatedly spoke of "the old arrogant Israeli way of thinking" in referring to Premier Menachem Begin's refusal to offer Palestinian self-determination and pledge to withdraw from all occupied Arab territories.

Accusing Israel of twisting the peace-seeking process, he said: 'The door to peace is not closed. But at this point there must be a re-evaluation of the whole thing."

He also attacked the "harsh words" used since Wednes-day by Israeli Foreign Minister Moshe Dayan.

Vance brings new Israeli ideas

Mr. Vance saw Mr. Begin and in Jerusalem before flying to Egypt and said he brought new Israel ideas

"Yes, we shall be studying them. And we shall be in contact with Mr. Vance," President Sadat said. Mr. Alfred Atherton, U.S. Assistant Secretary of State, is to stay in the Middle

The Egyptian leader retired to seclusion here on Tuesday to ponder the floundering course of his dramatic peace initiative, started when he travelied to Jerusalem on Nov. 19. He has scheduled a major speech to an emergency session of the People's Assembly

tioned today about speculation he would tell the assembly that the drive had collapsed, and that he might resign the Egyp-

Sadat warns Israel must modify its stand before political talks can resume

DELTA BARRAGES, Egypt, Jan. 20 (Agencies). - President Sadat said today peace talks between the foreign ministers of Egypt and Israel will resume only if Israel modified its stand on basic issues. After talks with U.S. Secretary of State Cyrus Vance, who sought to mediate, Mr. Sadat told a news conference that his condition for resuming the political talks was that Israel would declare its readiness to withdraw from Arab land occupied in the 1967 Middle East war.

tian presidency, held since 1970.

Mr. Sadat laughed heartily, then said "You had better lis-

ten to what I am going to say

joint news conference, where

he stood beside Mr. Sadat on

a lawn outside the lodge. He

He later flew to Ankara to meet new Turkish government

President Sadat hammered

away today at the theme of

Israeli withdrawal from Arab

territory, on evident collision

course with Mr. Begin who yes-

terday deemed it "preposter-ous" that the Arabs should se-ek the return of Israeli-occupi-

Mr. Sadat said Foreign Mi-

nister Dayan had proposed that

"we sit together and bargain

land and losing sovereignty,

declared the Egyptian leader. "No, if this is the form you

any price. They will be wrong

want us to work in, no.'

"Half way for us is losing

"We do not seek peace at

Israel if they thought of

Mr. Sadat denounced Israel's

desire to leave settlements of about 2,500 Jews in Egypt's

Sinai desert, saying it was "lo-

gic that no one in the world

Aeroflot

BAGHDAD, Jan. 20 (AFP).

- An aircraft of the Soviet

state-run Aeroflot company

ran into and damaged the

private plane of President

Mohammad Siad Barre of

Somalia in San'a today, it

was reported.
The Iraqi news agency

said in a report from San'a

that an airport worker was

seriously injured in the ac-

cident and traffic was held

It said the wing of the

Soviet plane tore into the

wing of President Siad's air-

craft which was waiting to

fly him out of North Ye-

up for over an hour.

ed East Jerusalem.

and come half way.

leaders and discuss Cyprus.

Mr. Vance said little at the

tomorrow.'

looked glum,

"We were working on a declaration of principles in which Israel must show its determination to restore the land and accept Palestinian self-determination," a grim Mr. Sadat

"Whenever Israel chooses to agree not to trample on others' land or sovereignty, everything can resume again. The minimum we accept is a declaration of principles, an Israeli agreement to withdraw from occupied territories and the Palestinians' right to self-gove-

Stressing that he was not imposing conditions on Israel, the Egyptian president said the door was still open for talks. "Whatever time is needed, to achieve this is a matter of negotiations", he said, "and it can be agreed upon in a less dangerous situation than Israel

is creating now." Militar, committee may resume activities

He added that he and Mr. Vance had agreed that military committee headed by the Egyptian and Israeli defence mu sters should resume work in Cairo and that "constant" contacts should be maintained bet-

Mr. Vance told the news conference the Palestinian question was "the most difficult of

Foreign Minister Moshe Dayan

East, returning soon to Jerusa-

President Sadat talked for two hours with Mr. Vance at a presidential lodge here in the Nile Delta about 25 kms. from Cairo. Gardens planted with bamboo and paims ringed the pink, turretted lodge.

(parliament) tomorrow,

President Sadat was ones-

Mr. Sadat's tone today expressed growing bitterness in Egypt that his bid for peace, made in defiance of "hawkish" Arab states had not brought major Israeli concessions.

Cairo's A! Ahram newspaper summed up Egyptian feeling today with a cartoon which depicted an angel of peace and a tiny Mr. Begin.

"The trouble is, Mr. Begin, that you don't measure up to me." read the caption. There was no confirmation after today's press conference

here of the possibility of a Washington summit, rumoured but denied by the American State Department, between Mr. Sadat, Mr. Begin and American President Jimmy Carter.

to propose sending team to Washington

LONDON, Jan. 20 (AFP). — The Palestine Liberation Organisation has suggested to the American government through an intermediary that it send a delegation to Washington to explain its views on the Middle East crisis, according to the Arab-language weekly Al Dus-

tour appearing here today.

The PLO approached Washington through the Speaker of Egypt's People's Assembly Sayed Marei, who inquired if it would be possible for a Palestinian delegation to visit the U.S. for that purpose which would include top Palestinian officials and among whom Mr. Farouk Kaddoumi would be a leading member, the weekly reported.

According to the weekly, the U.S. had asked Mr. Marei, before accepting the proposal, to ask the PLO if it would be prepared to agree to a "link" between the proposed Palestinian entity and Jordan.
The PLO had asked that the

negotiations be based on the Soviet-American declaration on the Middle East, the weekly

U.N. body backs rights of Palestinians in statement

UNITED NATIONS, Jan. 20 (R). - The General Assembly's Committee on Palestinian Rights issued a reminder today of what were termed the fundamental principles relevant to the Palestine question, "the heart of the Middle East problem."

Among the most important principles involved, Senegalese imbassador Medoune Fall, the committee chairman said, were that no Middle East solution could be envisaged that did not take full account of the Palestinians' legitimate aspirations.

Full implementation of their right to return to their homes and achieve national sovereignty would contribute decisively to a settlement, he said.

The participation of the Palestine Liberation Organisation, "the representative of the Palestinian people," on an equal footing with other parties was indispensable in all peace efforts, under U.N. auspices, Mr. Fall went on, Another principle cited in his letter was the inadmissibility of

the acquisition of territory by force and "the consequent obligation for complete and speedy evacuation of any territory so occupied"

Mr. Fall also mentioned in his letter that the Palestine National Council at its Cairo meeting last March declared that any settlements or agreement affecting the rights of the Palestinian people concluded in its absence would be null and void.

Desperate cancer patient hijacks Pakistani

ACHI, Jan. 20 (R). — A ed gunman said to be suffrom cancer today hia Pakistani airliner in pparent bid to get treatand the Courter abroad.

, s hijacker, unidentified but holding 33 hostages at chi airport and is demana ransom of Stwo million.

med with a pistol and a grenade, he took over I kisten International Airli-PIA) plane on an internal from the interior city uition to the seeport of o chi with 36 passengers and

s man ordered the pilot vert to the indian city of way so that he could seek ment for cancer, but the pilot refused and landed in Karachi, some 480 kms. south of

The plane, a twin-turboprop Fokker Friendship, taxied to a remote corner of Karachi's international airport and was surrounded by army commandos and sharpshooters.

The hijacker then released nine passengers including a Japanese, three women and two boys, and demanded a ransom of \$100,000 and safe conduct abroad.

The chairman of PIA, retired air Marshal Nur Khan, said the authorities had offered to provide the man with the best cancer treatment available in Pakistan or to send him abrcad for treatment, but the hi-facker had not so far accepted. Instead, he had raised his

demand to Sone million and 10 million rupees (about Sone million) in local currency. The hijacker's original deadline of 10:00 GMT passed without incident, airport sources said, and the remaining 27 pas-

eved to be unharmed. The airport control tower maintained radio contact with the plane, but at one stage the hijacker threw out a note writ-ten in Urdu, Pakistan's offici-

sengers and six crew are beli-

al language. Senior army officers representing Pakistan's military government have joined airline officials and police in discussing possible moves to end the

hijack. International and local flights to and from Karachi have not been disrupted by the hi-

King Hassan lauds Sadat's veto of dubious peace

RABAT, Jan. 20 (R). - King Hassan said today he hoped Egypt and other confrontation states would come together to "exercise the greatest possible pressure" on Israel until it renounced its occupation of Arab lands.

In a message to President Anwar Sadat, the Moroccan monarch praised the Egyptian leader's decision to suspend talks

"Your stand means that you reject any dubious peace that will not render justice to the Arabs regarding their legitimate rights and not achieve the true peace expected." the King said. "We hope that the attitude you have adoped today will encourage solidarity and entente within the Arab family and will constitute a new opportunity to conjugate wills and ef-

The monarch said he also hoped Israel would adopt a different attitude and engage in a new phase of negotiations "on logical foundations that take into account legitimate Arab rights and answer the desires of the international community."

JORDAN TIMES

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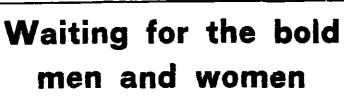
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The breakdown in the Egyptian-Israeli negotiations this week has quickly highlighted an aspect of the current peace-making drive that we have always felt to be crucial -- the role of the United States. This role has been dramatised by the visit to Egypt yesterday of U.S. Secretary of State Cyrus Vance, but judging from the experience of the past decade or so, the Arabs have to be collectively discouraged that anything really constructive can come out of the Americans now. This is not a natural pessimism, but rather a cultivated pessimism based on the performance of the Americans.

The most glaring display of American weak knees that we keep in mind was the manner in which the joint American-Soviet statement on the Middle East in October was quickly overwhelmed by an Israeli campaign directed squarely and ferociously at the United States presidency. Bad enough, one thinks, that the joint statement was relegated to the filing cabinets of history by the American-Israeli working paper. Worse, one thinks, that the Israeli Defence Minister brought the American president up to a New York hotel and kept him up half the night, to produce a document of questionable value. It is against this background that we now follow the Americans as they try to help get the Egyptian-Israeli negotiations back on track. And it is from these kinds of power dynamics that we draw our pessimism.

The United States' role as a mediator in the Middle East has been on centre-stage now for several years, and there is very little to be seen in the way of results. The efforts of the Carter administration, centring on a negotiated and comprehensive settlement, are wiser and more daring than the Kissinger approach. But a good approach by itself is insufficient. It requires bold men and women to activate it and make it work, and we have yet to see those kind of people in action.

ARAB PRESS COMMENTARY

AL RA'I, on Friday, said Israeli Prime Minister Menachem Begin has pushed the current peace effort to a cul-de-sac again despite his talk of Israeli wish for peace with its neighbours. Mr. Begin has publicly repeated his intransigent positions and announced Israel's insistence on keeping control over Jewish settlements in occupied Arab territories. It would seem that Mr. Begin is putting the United States to the test to see whether it will let him get away with his stubbornness, Meanwhile, Egypt is awaiting American pressure to be put on Israel to force it to change its attitude. As much as we hope for peace talks to succeed we must see that Mr. Begin's stubbornness is a challenge for us to accede to his conditions and accept defeat -- unless we decide to face up to the challenge.

AL DUSTOUR said it is clear from the fate of the peace talks in occupied Jerusalem that what cannot be decided in a summit of leaders cannot be decided anywhere else. For since Premier Begin's stubbornness made of last month's Ismailia talks a failure, peace talks have been a failure until now. What has been happening is that Israel has shown it prefers to keep the land even at the risk of defeating all efforts for peace. The Arabs must learn a lesson: it is only their strength in unity that is able to make Israel agree to a just peace in the Middle East.

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Jerusalem's mayor chronicles century of land seizure by Zionists

AMMAN, Jan. 20 (JNA). Israel's plans to swallow the whole of Palestine began during the British mandate when the Jews sought to reduce Arab possessions gradually, the Mayor of Jerusalem Rouhi Al Khatib said in a recent interview with the Jordan News

In the interview Mr. Al Khatib explained the political dimension of the Jewish settle-ment in the West Bank, while Brigadier (rtd) Fayez Jaber, Secretary General of the Royal Commission for Jerusalem Affairs, spoke about the settlement's military dimensions.

Mr. Al Khatib went on to say that in order to achieve their objectives the Israelis followed a policy of terrorising the Arab inhabitants into leaving or selling their land. This Israeli design was most apparent in Jerusalem where Jewish real estate in 1948 was

only some four per cent of the area within the municipal bounds. During the mandate, the proportion went up to 17 per cent through acquisition in accordance with the Land Acquisition Law.
After 1948, the proportion of

Jewish property rose to 80 per cent through illegal seizure of the lands of absentees and by forced sales.

This means, Mr. Al Khatib said, that Israel got nearly 63 per cent of the Jerusalem City area by illegal and unlawful means, on the pretext of appropriating absentee property. The Israelis enacted a law especially for this purpose, in contradiction of all interna-

tional laws in usage. Following the 1967 war, the Israeli occupation authorities expropriated a further 22,000 dunums of the remaining Arab land in the City of Jerusalem, so that by then 84 per cent

Campaign launched to combat distortion by Israel of Arab history

AMMAN, Jan. 20 (JT). — The Council of the Arab Universities Al Najah (Nablus) universities Union has resolved to support which are members of the uni-Arab universities in the occupied territories by every possible

The resolution, taken during the recent meeting of the council in Doha. Oatar, was forwarded to Prime Minister Mudar Badran by the University of Jordan on Thursday.

The resolution states that education in the occupied Arab territories is being subjected to attempts by the Israeli occupation authorities to rewrite history and to distort the true naure of the Arab-Islamic heritage.

The union member universiresolved to contribute sums ranging between \$one thousand and ten thousand annually, to be earmarked for

Al Najah (Nablus) universities on. The money will be distributed proportional to the number of students in each of the two universities

The resolution also appealed the Arab countries, the Arab league and its affiliated bodies and Arab and world organisations concerned, to provide appropriate financial backing for both universities.

The union formed a all-Arab committee headed by President of the University of Jordan Dr. Ishaq Al Farhan to study the possibility of beaming educational programmes to Arab inhabitants in the occupied territories. from radio and T.V. stations in the Arab confrontation states. A special transmitter might be set up in cooperation with UNESCO.

of Arab land had been usurped. Whereas Arabs formed 75 per cent of the population of Jerusalem in 1918 and the Jews 25 per cent, the ratio has since been completely reversed Mr. Al Khatin said.

The number of Jews living in Palestine went up from 56,000 in 1918 when they owned no more than one per cent of the land to 600,000 in 1948 and to 2.5 million after the establishment of Israel,

Following the 1967 war, forty new Sewish settlements were move by the Arabs.

set up mostly in the Jerusalem area and the Jordan Valley. They were built on purely Arab land after their owners were driven off or on the pretext that the owners were absent or that the land was go-

vernment property.
Brigadier Jaber described the Israeli settlements in the West Bank as military fortresses. He said that Jerusalem for instance was surrounded by a series of armed settlements designed to withstand any military

Gen. Shaker returns from Pakistan

AMMAN, Jan. 20 (JNA). - Commander-in-Chief of the Jordanian Armed Forces Lt. Gen. Sharif Zeid Ibn Shaker and the accompanying military delegation returned here today after an official six-day visit to Pakistan.

On his way home Gen. Ibn Shaker stopped yesterday at the Dubai airport where he held talks with the Minister of Defence of the United Arab Emirates, Sheikh Mohammad Al Rashed on bolstering military cooperation between the two countries.

He and the accompanying delegation were received at the Amman Civil airport by the chief of staff for military intelligence and other top-ranking army officers.

Bahiat Talhouni meets

BEIRUT, Jan. 20 (JNA). -Jordan's Speaker of the Upper House of Parliament and Chairman of the Arab Parliamentary Union Bahjat Talhouni today met Lebanese President Elias Sarkis and briefed him on the results of his consultations with Syrian People's Council and Lebanese Parliamentary officials.

Mr. Talhouni told a Jordan News Agency reporter that he also conveyed His Majesty King Hussein's regards to President Sarkis who expressed his deep respect for His Majesty and his gratitude for President As-Bad's role in preserving Lebanon's unity and stability. His meeting with President Sarkis was attended by Speaker of the Lebanese

Partiament Kamet As'ad with whom he discussed mat-ters related to Arab partiamentary affairs.

National News Roundup

Romanian folk troupe performs

ZARQA, Jan. 20 (JNA). — The visiting Romanian Folklore Troupe gave a performance in the housing suburb of the Jordan Petroleum Refinery Company near here Thursday. The show, which was attended by the Romanian ambassador and Romanians working in the refinery's expansion project, included Romanian popular

Potash finance meeting announced

AMMAN, Jan. 20 (JNA). - It was announced today that a number of Arab financiers will gather here during the first half of March to discuss financing the potash and the Magaren projects and decide on the economic feasibility of the latter. The cabinet approved that an official of the Jordan Valley Authority should go to Abu Dhabi, Kuwait and Saudi Arabia to meet with the authorities of the financing funds in these countries and discuss the economic importance of the Maqaren dam projects with a view to their participating in the conference.

Japanese official to visit Jordan

AMMAN, Jan. 20 (JNA). - An advisor to the Japanese Prime Minister will arrive in Amman next week to hold talks with Jordanian officials for promoting cooperation between Jordan and Japan and for studying the possibility of participating in financing a number of development projects in Jordan.

NOTICE

A representative from the Internal Revenue Service will be at the American Embassy from Jan. 21 to Jan. 25 to give assistance to U.S. tax payers.

Please call the American Embassy, Tel. No. 44371, Extension 230 for an appointment.

Deadline for family books extended

AMMAN, Jan. 20 (JNA). - Director General of the Civil Status Department Rifadie Al Hazaymeh said today that the interim period for registration of citizens and members of their families for getting the family book and identity cards will be extended until July 30, 1979. Mr. Al Hazaymeh said the step aims at giving citizens more time to register their families and Jordanians abroad an opportunity for registration, particularly during the summer holidays. The last deadline for families registration at the civil status department was June 30, 1978.

Phosphate exports increase

AMMAN, Jan. 20 (JNA). - The quantity of phosphate exported through the port of Aqaba last year amounted to 1,514,066 tons. A statistical survey by the port's authority said this quantity is 475,515 tons more than that exported during 1967.

Schools reopen

AMMAN, Jan. 20 (JNA). — Government schools all over the Kingdom will resume classes tomorrow (Saturday) for the second

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> > Phone: 37268.

BUSINESS GRAPEVINE Compiled and edited by John Bonar

Is that "nothing tastes better" taste coming back

Coca Cola's hopes of get-ting off the Arab boycott list are riding high following their agreement to invest in a multi-million dollar agri-business in Egypt. The Egyptians are preparing a recommendation to lift the Atlanta, Georgia, based Co-ca Cola Corporation from the boycott list and this will be considered at the next meeting of the Arab Boycott Council.
If a majority of Arab countries agree, there seems no reason why Coca Cola won't be back in the Arab world this year. Indeed I understand that one of Coke's first moves if it coof Coke's first moves if it comes off the blacklist, will be
to establish a bottling plant
here in Jordan. There would
be another plant in Saudi Arabia and the existing plant in
Egypt, which has lain idle for
eight years, would be dusted
off and reactivated,
The last drink of coke I had
in the Arab World was in Mo-

in the Arab World was in Mo-rocco in 1968, although something remarkably similar has been sold in Lebanon ever since the boycott went into force under the brand name of "K-

A few select Beirut hotels, including the Phoenicia Inter-continental used to get their K-Cola in regular Coke bottles.

> Saudi Arabia to get Hiltons

Hilton Hotels are moving into Saudi Arabia -- as operator of three delux hotels and related convention and resort fa-

cilities.
The contract for construction

has just been taken by Turner International Industries of the

International Industries of the U.K. at a total cost of over \$200 milition.

The owner of the Saudi Arabian Hiltons is the Real Estats Development Company -- Redce -- of Riyadh. The ovenlip project will be constructed in three phases. The first phase will begin this month and all three phases should be completed by Dec. 1980.

Gold in them than sands ?

As if they didn't have en-ough of the sticky black van-iety it's how reported that Sa-udi Arabia has "significant" deposits of the real yellow

According to a recent edition of the Behrut press diges.

Middle Bast Reporter, the dicovery of the gold fields, 27 kms. northeast of Riyadh was made by the British firm, Con-solidated Gold Fields Inc. at ter analysing satellite photos of the area.

Air Intergulf changes

The Sharjah based Air Intergulf bowed out of the air ted business because most of it customers wouldn't pay its ha Is last year and has turned he stead to operating split char-ter cargo services to the Gelf from the U.K.

Air Intergulf has long been a sales representative for Ant Wings, the Amman based excutive jet charter company. We hope that none of the bill that weren't paid by Air Isler gulf's customers were for the

GRAPEVINE BUSINESS

Business Grapevine appears every Saturday is the Jordan Times. We welcome news of company activities, new factories opened, new contracts won, new offices established in Jordan and the Middle

We are particularly interested in hearing from banks and regional offices of foreign and international companies in Jordan who are working regionally.

If you have an item you think will be of interest to us, please call any evening between 6:00 p.m. and 10:00 p.m. or write to Business Grapevine, the Jordan Times, P.O. Box 6710, Amman.

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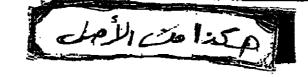
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The Jordanian Department of Antiquities has the honour to invite you to attend the

at the Jordan University Library Hall 12:00 a.m., Sunday 22/1/1978-25/1/1978

SYRIAN ARCHAEOLOGICAL PHOTO EXHIBITION



م كذا من الأمل

First Jordanian-Syrian joint economic venture proves a success as Jett buses Shuttle twixt Amman, Damascus in Style The Special to the Jordan Times Jordan and Syria. Although neither Jett nor Karnak Co. of Damascus asked for the joint Special to the Jordan Times Jordan and Syria. Although neither Jett nor Karnak Co. of Damascus asked for the joint To the Jordan Times. The Special to the Jordan Times. The Special to the Jordan Times agreed Jordan and Syria. Although neither Jett nor Karnak Co. of Damascus asked for the joint To the Jordan Times. The Special to the Jordan Times. The Special to the Jordan Times agreed Jordan Times. The Special to the Jordan Times. The Special to the Jordan Times agreed Jordan Times. The Special to the Jordan Times. The Special to the Jordan Times agreed Jordan Times. The Special to the Jordan Times. The Special to the Jordan Times agreed Jordan Times. The Special to the Jordan Times. The Special to the Jordan Times. The Special to the Jordan Times agreed Jordan Times. The Special to the Jordan Times. The Special to the Jordan Times agreed Jordan Times. The Special to the Jordan Times agreed Jordan Times. The Special to the Jordan Times agreed Jordan Times. The Special to the Jordan Times agreed Jordan Times. The Jordan Times agreed Jordan Times agreed

With a 50 per cent increase in the scheduled tour groups business in Jordan during 1977, lordan Express Tourist the Jordan Express Tourist Transport Co. Ltd. (Jett) is an important factor in the Jordanian transportation industry. Tourists, however, are not the into a only concern of Jett Co. Sevrepensi eral years ago a bus route was established between Amman and Damascus, and has since become a well used method of h, travel between the two capi-

Report tals. mic, to come out of the agreement", said Jett's Managing Director Mr. Adnan Mufti, referring to the economic ties between

Strip.

101112

20

11

to their governments request to furnish four buses daily from Amman to Damascus and the same number from Damascus to Amman, Two buses also go from Irbid to Damascus daily.

Border facilities

Mr. Mufti said, however, that before his company agreed to the arrangement, they asked for one condition, "facilities at the border". It was agreed, he said, that priority would be given to the buses Der'a-Ramtha border

The cooperation between Opening Monday customer. For house plants, cut flowers &arrangements come to

ROZANNA"S Jabal Amman Fourth Circle adjoining Muna Kindergarden home delivery service

phone 41078

they provide the place in Damascus". The depot which Jett provides is on the Salt road, north of Abdali, and the station which Karnak provides is at the International Fair grounds in Damascus, although ti-

closer to downtown Damas-"We are also an agent for Pan Tours" said Mr. Mufti, which offers a thrice weekly service from Amman to Istanbul. a forty hour ride,

ckets are bought at an office

The Jordan Times recently experienced the Damascus-Amman route first-hand and found that indeed the border crossing avoided some of the usually extensive red tape and waiting in lines. As Mr. Mufti explained, people wouldn't ride the bus if it took the same amount of time as travelling by private car. By offering better conditions at the border, though, his company attracts large numbers of passengers. "Only ten per cent are foreigners", said Mr. Mufti of the passengers on the Amman-Damascus-Amman route.

Cold soft drinks and hot coffee and tea are added features of the four hour bus ride. The 3:00 p.m. bus from Damascus to Amman, which the Jordan Times recently rode, arrived very close to 7:00 p.m. The passengers were occupied, while the daylight lasted, with watching the long distance truck traffic on the highway.

Asked how the idea of serving airline style refreshments on a bus originated, Mr. Mufti told the Jordan Times, "it was my idea". Karnak Co. in still not convinced of the val-ue of this service, he said. The hostesses who serve the travellers en route, start at wages of JD 90 per month. There are now four working for Jett. The drivers, as the hostesses, said Mr. Mufti, "are selected carefully". The long distance drivers begin at JD 140 per month and the drivers of the tourist buses usually chart-

'skilled, good looking and smart". There are now about 25 drivers with the company, he continued.

"We don't need more than one spare driver", he added, because the working day is usually not long.

Asked how his company de-cided on the Mercedes 302 and 303 buses (some are the Otormarsan, made in Turkey, others are made in Germany Mr. Mufti said that they originally considered the "Volvo Fiat. Henschel and Mercedes" machines and decided on the Mercedes because it was the cheanest The Mercedes comes equipped with a small kitchen. where the refreshments are nrenared.

Jett Co. began operating buses in Jordan in 1967 after recoiving the state concession in 1966. Because they operate under a concession from the government, seven her cent of the gross profit yearly goes to the government. This does not worry Jett however as the Mipistry of Tourism uses some of the profits to "foromote tourism", said Mr. Mufti, which in turn tends to stimulate tourist use of Jett buses.

Looking to the future, Mr. Mufti said, "at the moment we are not going to expand, our priorities are: first, incoming tourists, second, external tourists, and third the long distance mutes".

As far as the tourists are oncerned. Petra is the numher one attraction in Jordan. but they also go to see Jerash, Mr. Nebo, the desert, places, Wadi Rum and Aqaba with the

Jett started onerations in March 1967 with a carital of ID 300 000 and 350 shareholders. The company has a total of 60 buses, its own mainterance facilities and a branch office in Irhid The Amman-Petra line operates twice a week all wear long him dilling the winter uses smaller huses as the demand is less than in

Extinction threatens the Arabian

desert hawk

The desert hawk is threatened with extinction. Thirty years ago a hunter could buy a hawk in any Arab country for \$20. Today the minimum price is \$2,000. Prices can go as high as \$12,000 dollars for a "chahine", a species of Peregrine falcon renowned for its eyesight, its long tight claws, its perseverance in the hunt and its fabulous speed. A hawk can dive on its helpless prey at speeds in excess of 200 kms. an hour. With the decline in the number of hawks -- and also the decline in the number of its prey -- the ancient sport of falconry may be on the way out.

BEIRUT, Jan. 20 (AFP). Born 4,000 years ago in the Arabian sands and introduced to Europe by returning crusading knights, falconry has long been a favourite theme of Arab poets.

The gracious sight of a hawk, circling the blue sky high above the bare earth in search of his prey -- usually bustards migrating south to escape the rigours of a Central Asian winter -- has long been considered one of the most romantic sights of the desert.

"Originally it was a means for the desert bedouin to find food in his hostile environment. Today it is a sport that symbolises all the traditions of the desert," a falconer ex-

Only for the rich

It is a sport that only sheikhs, desert princes and oil tycoons can now afford, even

Absurdity's loophole

By Bassam Bishuti

All's well that begins well

CHORUS: Who will save us this turmoil of endless war? Who is the man, the great man, to change the world for our sons and daughters and save us?

WARAN DASAT (a warrior and leader of the people): I shall, I shall. Look! (Sprouts wings. Flies heavenward. Descends abruptly). CHORUS: Hail great Warant Hail great leader! Show us the path to salvation, the

way of peace. WARAN (stands at a podium. Faces the audience. Clenches his fists and intones in a voice as thick and sweet as the treacle of Upper Egypt): The time is now for war or

for peace. I am for peace. I shall go anywhere and do anything for peace. Who will make peace with me? CHEMANEM INBEG (his old enemy; dres-

sed in the robes of a high priest): I shall, old enemy Waran, I shall. I shall make peace with you. (The two embrace warmly as the atmosphere grows hotter by the second). CHORUS: Generations have waited for

this moment, O great leaders! We trust you with our lives and the lives of our children and their yet unborn children to make peace.
WARAN (at the podium. Wipes his brow with the back of his hand. Looks ahead into the void, over the heads of members of the audience, to see a vision none else can see): I call for peace in the land and peace shall come. I forget my old enmities and they shall be forgotten. Disbelievers will mock but they are as worms in the expanse of the fields. I stake my life on it and peace shall come. I

CHORUS: Hail great leader, our man of

CHEMANEM (folds his hands across his chest in priestly fashion. Puts on a sad face): I also promise peace but (his face now adopts

cunning priestly look) there are difficulties the path of peace. WARAN (taken to the quick, jerks suddenly and mops his brow more nervously): Nothing shall stand in the way of peace. I shall do anything. I shall do everything. I have promised peace and staked my life on it therefore nothing will stand in the way of

CHORUS: Yes, lord of peace, do not let

anything stand in the way of peace.

CHEMANEM (his eyes sparkle with a delight no one knows the source of): Nothing shall stand in the path of peace. But peace stands in the path of peace. We must remove peace before we have peace

WARAN (with obvious anger): What nonesense is this? How can peace stand in the way of peace? CHORUS: Answer, Chemanem, answer

quickly. How can peace stand in the way of

CHEMANEM (extends his hands forward, palms up. Returns them, folded, upon his chest): As a droplet of water stands in the path of another droplet of water thus preventing its movement, so peace can stand in the path of peace.

CHORUS: Speak Warani Save us from

Chemanem's words. Silence him with an

WARAN (turns his head away silently. Lifts his eyes to the heavens. Follows them with his hands in a pleading gesture to his god): O lord of all creation what shall I say now? I have staked my life on peace but how can I remove peace to have peace? How shall stand at this podium today and face the people? How shall I answer to Chemanem's

CHEMANEM (laughs): Don't worry, you'll think of something!

though for the poorest Arab falconry retains all its ancient mystique. The bond between the hun-

ter and the bird is all. During the training period, which lasts from three to five weeks, hawk and man never leave each other. The falconer eats with one hand, and feeds titbits throughout his meal to the hawk perched on his other gloved hand

The hawk perches next to his master during the night. They are together in the streets, and in the supermarkets. The man talks to the bird continually, stroking him and calling him by a pet name, usually that of an ancient warrior or hero of Arab antiqu-

Gulf Air (whose symbol is a hawk) even allows master

and bird to travel together. But the owner must pay double fare.

Hawk conference

A year ago, United Arab Emirates President Sheikh Zayed Ibn Sultan Al Nhaiyan -owner of 150 hunting hawks -- called the First Internation-Conference on Falconry at Abu Dhabi. Its aim: To keep falconry alive.

More than 150 adepts -each with his own falcon -came from Europe, Asia and America. They met, discussed their art and sadly concluded that falconry is doomed unless preventive action on an international scale is taken. The birds of prey are becoming rarer and so is the prey. The desert is going through

The sight of a falconer is becoming rare in the Arabian desert. Sheikh Zayed, like other Gulf sportsmen, must now spend several weeks abroad to

camel, but in his jeep.

ecological torment. Its fauna

is becoming rarer, the balance

of nature is broken. The hun-

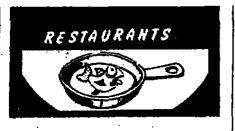
ter no longer travels across

the desert on his horse or on

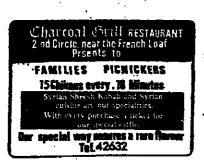
Rare sight

indulge in his pastime. Every year he organises a large hunting party to his estate in Sind, Pakistan where the last large flocks of bustards still gather. .

A good, trained bird of prey can kill 10 bustards a day. So far the time being the hunt goes on and the ancient Arab tradition continues, but under new skies.







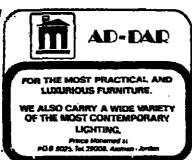








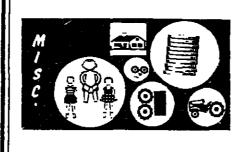






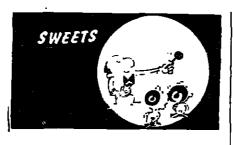






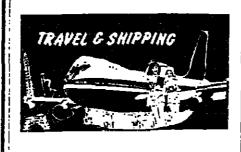






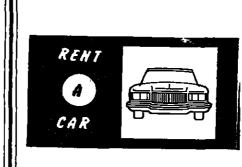




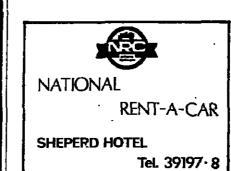




















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Carter states intent to protect integrity of \$, urges effective energy programme

WASHINGTON, Jan. 20 (AFP). —President Jimmy Carter last night affirmed his intent to "protect the integrity of the dollar," and he called on Congress to pass "an effective energy conservation programme." In the traditional state of the Union message to the Senate and House of Representatives, Mr. Carter said that "energy legislation has failed the American people. "The greatest contribution we can make to the world economy would be an effective energy conservation programme at home," he said. "We will not hesitate to pend on cooperation from bo- he added.

"We will not hesitate to take the actions needed to protect the integrity of the dol-

lar," he added.

Mr. Carter, devoting twothirds of his message to economic matters, stressed the
need for consolidating the recovery which had taken place
during 1977, which he called
a "good" year.

a "good" year.

"Politically, economically and in spirit the state of our union is sound," President Carter said.

"Our economic success at home is almost equal to the success of our international economic policy," he said.
"An effective energy programme, strong investment and productivity and controlled inflation will improve our trade

Integrity of the dollar."

The president said his plan to control inflation would de-

balance and help protect the

pend on cooperation from both trade unions and the business community.

He promised tax reductions totalling \$25 billion, with \$17 billion benefitting individuals. The federal budget, which he will unveil on Monday, would be two per cent higher (in real terms) than the current one, Mr. Carter said. A notable increase would come in credits to fight unemployment among young people. Turning to the subject of U.S. security Mr. Carter said that it is and will remain "our first and prime concern."

Mr. Carter said security depended on "national will", the strength of U.S. armed forces and the "strength of our alliances."

"Security can be enhanced by agreements with potential adversaries which reduce the threat of nuclear disasters."

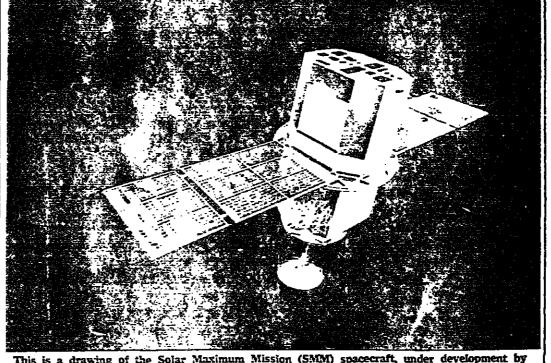
World Bank to step up credit to Egypt, help finance \$10 b. plan

CAIRO, Jan. 20 (AFP). — The President of the International Bank for Reconstruction and Development, Robert McNamara, conferred here yesterday with the Egyptian Vice-Premier in Charge of Finance, Economy and Planning, Abdul Mone'm Qaisuni, and other government officials.

Radio Cairo, reporting the talks, said they centred on proposals in the 1978-82 five-year plan to increase the rate of development from nine to 12-per cent.

Mr. Qaisuni reportedly said the World Bank would step up credit to Egypt and help finance the \$10

The Ministers of the Economy and Economic Cooperation, Hamad Sayeh, and of Finance, Salah Hamad, took part in the discussions.



This is a drawing of the Solar Maximum Mission (SMM) spacecraft, under development by the United States. It is the first satellite to be built on the modular concept; that is, its scientific instruments will be in sectional units. These can be removed for repair or replacement by crews aboard the orbiting Space Shuttle. The SMM is powered by solar cells primary objectives include the investigations of solar flares, continuing the studies begun by the series of Orbiting Solar Observatories (OSO). First launch from Florida is expected in late 1979. (IPS photo)

Gulf is determined to set up own petrochemical industries, says Saudi industry minister

BAHRAIN, Jan. 20 (R). — Saudi Industry Minister Ghazi Al Gosaibi said here that the Gulf oil-exporting countries were determined to set up petrochemical industries of their own in spite of threats of a possible trade war with the industrialised states.

Speaking last night at a dinner given by the Bahrain Engineers Society, Dr. Al Gosaibi said it was true a petrochemical complex in the Guif would cost about 30 per cent more to set up than a similar one in an industrialised coun-

But he said that "this should not lead us to overlook the enormous resources in energy and materials which we have available in the area and which could easily compensate over the medium and long term for any initial cost invol-

ved in establishing these industries."

Dr. Al Gosaibi dismissed Western fears that the establishment of petrochemical industries in the Gulf might lead to a glut or closure of plants in the industrialised West. He also criticised calls for

Arab petrochemicals.

The entry of the Gulf states into the market "will not endanger the world petrochemical industry if that industry recognises from now that the Gulf is going to become an important centre" of that in-

orctectionist barriers against

dustry, he added.
Dr. Al Gosaibi said that "those who talk irresponsibly about closing the doors in front of the (Arab) petrochemicals should learn from the past.

"Bitter experience (has taught) that trade wars through customs barriers are futile pr-

actices which result in the defeat of all parties," he added. Dr. Al Gosaibi, whose country is settling up a huge petrochemicals complex at Jubail on the Gulf, said the Gulf area was the natural place for the production of petrochemicals. "We are aware that we cannot compete with Switzerland in the manufacture of watch-

es -- and we shall not try...
"But we are aware that we can produce high-quality petrochemicals at competitive prices -- and therefore we shall do just that," he added.

Dr. Al Gosaibi concluded by

appealing for cooperation with the industrialised states.
"We wish to include them not only as exporters of machinery, equipment and technology, but also as partners because we want our industrial experience to forge a new

path of cooperation rather

EEC head offers new trade accord to African States

KHARTOUM, Jan. 20 (R).— The European Common Market would welcome the participation of Angola, Mozambique and, after independence, Namibia (South West Africa) and Zimbabwe (Rhodesia) in a new trade and aid convention the EEC is to negotiate later this year with 52 developing nations.

in a speech given at the opening of Khartoum's First International Trade Fair yesterday, EEC Commission President Roy Jenkins said the new accord, updating the 1975 Lome Convention, would be open to these states if they wished to join and were accepted by the present members.

Angola and Mozambique gained independence in 1975 after centuries of Portuguese colonial rule. Namibia is still controlled by South Africa, while nationalist guerrillas are trying to overthrow the white regime in Rhodesia, which broke away from Britain 12 years

ago.

The Lome Convention links the EEC with 52 African, Caribbean and Pacific countries. It is regarded as one of the community's major achievements in external relations. In his prepared speech Mr. Jenkins, on an official three-

Japanese should

Japanese should drink more sake,

TOKYO, Jan. 20 (R). — Japanese should help reduce mounting rice stocks by drinking more sake, according to Agriculture Minister Ichiro

says minister

Nakagawa.

At his suggestion the rice wine will be the main drink at official ceremonies and conferences in future.

areas in negotiations for the new accord.

Referring in particular to Africa, Mr. Jenkins called for the development of more medium sized industries for processing raw materials, a greater effort to develop agriculture, and a wide-ranging programme to improve the continent's transport and communications network.

More attention should be paid to the potential of solar energy, Mr. Jenkins said Education and vocational training also needed help to meet Africa's pressing development ne-

Mr. Jenkins also pledged continued community support to countries tackling the problem of drought and desert encroachment.

Mr. Jenkins said the momentum of last year's North-South Dialogue must not be lost. "We hope that the negotiating conference will be able to resume on a useful basis," he said, "We believe that a solution should and will be fo-

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very 100) 3
Japanese yen (for every 100) 130
Dutch guilder 138
Belgian franc (for every ten) 9

130.40/131,20 138.40/139.50 (for 95.70/96.30

Japan's steel industry gets a bit too efficient for its own good

The United States has just announced its "trigger prices" which it hopes will stem the flow of below-cost foreign steel into the American market. But it is doubtful how much this will succeed in protecting the world's most expensive steel from the

China hopes for stronger EEC, Teng tells France's Barre PEKING, Jan. 20 (AFP). — jects discussed included deten- "We are pleased to note

French Prime Minister Raymond Barre and Chinese Vice-Premier Teng Hsiao-ping devoted their meeting this morning to in-depth discussions of international issues.

On leaving the Great Hall of the People where the two teams met for two and a quarter hours, Mr. Barre told reporters: "We had an extremely interesting and detailed conversation."

on." The prime minister said subjects discussed included detente, disarmament, relations between developed and developing countries, Asia and Africa. Mr. Teng last night told Mr. Barre that China hoped to see the continued growth and strengthening of the European

Economic Community (EEC).

Mr. Teng said that confronted with superpower aggression and expansion, the existence of an increasingly united and strong Europe was in the interests of the European people.

that in the European Economic Community there has been gradual coordination of policies and actions which are playing an ever more important role in the international arena.

"We hope that, guided by the general goal of strength

With this in mind, Wash-

ington had undertaken "diffi-

cult and prolonged" negotiat-

ions with the Soviet Union on

strategic arms limitation, he

Foreign exchanges

disappointed with

Carter's message

LONDON, Jan. 20 (R). -

Foreign exchange markets

today reacted with disapp-

olntment to President Jim

my Carter's State of the

Union message and its lack

of new concrete measures

for defending the dollar.
In London, the initial re-

action to the speech was

that there was no new co-

ntent, but some dealers said passage of an energy bill and progress of an effective anti-inflation bill could su-

pport the dollar later this

Mr. Carter's message re-

ceived a mixed reaction fr-

om Japanese government

The Finance Ministry sa-

id it regarded his stateme-

nt on the dollar's defence

as the most definite U.S.

stance to date on retaining

confidence in the currency.

But traders on the Tokyo Foreign Exchange Market expressed disappointm-

ent that Mr. Carter announ-

ced no concrete measures

to defend the dollar, it said.

"Solid progress" had also

been made in talks with the

USSR towards a comprehensi-

ve treaty banning all nuclear

explosions," he added.
Washington

were also studying the possi-

bilities of a chemical warfare

treaty and were seeking an

arms limitation agreement in

Europe of cooperation with NATO countries and another

in the Indian Ocean.

and business circles.

the general goal of strength through unity, the EEC will steadily grow and become stronger. We appreciate the efforts of the French government to promote the unity of Western Europe," Mr. Teng said.

Ford Motor Corp. intends to remain in South Africa

JOHANNESBURG, Jan. 20 (AFP). — The Ford Motor Corporation does not intend to tone down its operations in South Africa or pull out of the country, the corporation President Henry Ford II, said here yesterday.

Mr. Ford said there had been no pressure put on the corporation at all by the United

States government to slow down its investment in South Africa.

"And I have not heard of any U.S. corporations that are going to leave South Africa in the near future," he told a press conference here. Ford, he said, had assets worth \$127 million in South Africa.

Black training

A million dollars of this amount would be spent in 1978 for the advancement of black training and development projects in the Ford Motor Company in the country, while \$20,000 would go into a special educational scholarship programme, he added.

"We have had to withdraw from a few countries such as Rhodesia, Chile, and Peru, but I can give absolute assurances we have no intention of withdrawing from South Africa,"

but I can give absolute assurances we have no intention of withdrawing from South Africa," he said, pointing out that South Africa was the only country in the African continent where Ford operated on a large scale.
"We do not believe in pulling out of a country like South Africa as has been advocated in some political circles because thousands of employees we have in South Africa, especial-

"We do not believe in pulling out of a country like South Africa as has been advocated in some political circles because thousands of employees we have in South Africa, especially blacks, would be out of jcbs if we did that. We would rather help them better their situation and make working conditions and pay better than pull out." he added.

Mr. Ford, who met with South African gold mining magnate Harry Oppenheimer and Prime Minister John Vorster during his week-long visit, left here for Paris on his private jet yesterday.

Recognises black unions

Mr. Ford said that his corporation recognised black trade unions in South Africa -contrary to the Pretoria government -- and that Ford was currently setting up a programme
to deal with the employment demands made by black, white and coloured (mixed race) employees on an equal basis.

He added that although Ford did not have at present any blacks supervising white jobs,

He added that although Ford did not have at present any blacks supervising white jobs, in 1978, the company hoped to promote its first black managers, whose pay will be similar to that of their white counterparts.

Because of the apartheid restrictions on Ford in South Africa, he said that Ford had

Because of the apartheid restrictions on Ford in South Africa, he said that Ford had been unable to develop black management staff up to present, and that there was a certain amount of job reservation for whites in Ford as a result.

Mr. Ford, who also met several black leaders such as Zulu Chief Gatsha Buthelezi, said that the Polaroid firm was able to pull out of South Africa because it had no important assets in the country and merely distributed some material here.

By Stephen Bronte

Japanese competition.

TOKYO (F.T.) — After the end of World War II, Japan desperately needed an estimated nine million tons of steel to rebuild its war-shattered economy. It is ironic that today nine million tons of unsold steel sit rusting in steel mills around the country, the result of world wide overcapacity and falling international demand.

Of the world's total steel production capacity of 675 m. tons per year, about 100 m. tons, or 15 per cent, is considered to be unneeded surplus in today's dull market. The problem has become so acute that it threatens to spark the first serious trade war since the 1930s.

Weak U.S. steel industry

At the heart of the matter is the fundamental weakness of the American steel industry. American steel is now the most expensive in the world, and without the protection of import quotas, it has seen its share of the domestic market fade. In 1977, imported steel accounted for 18-20 per cent of the American domestic market

The Japanese could see the current flap over the steel trade coming. They raised prices several times in 1977, and offered voluntarily to restrain exports last autumn. But it was too little, too late.

To fend off the foreign in-

To fend off the foreign invaders, the U.S. government decided to get tough. In November the "reference" or "trigger" price system was announced whereby foreign steel sold below its production cost would automatically be subject to anti-dumping duties. Using this system, the Americans hope to bring steel imports back down to a 14 per cent market share. That means closing the door on at least six million tons of imported steel this year. The reference prices, and there

will be scores of them covering all steel products exported to the U.S., will be the production cost of the world's most efficient producers of steel, the Japanese. The weighted average of the first set of trigger prices, announced this week, works out at \$330 a ton at U.S. East Coast ports of entry -- 5.7 per cent below comparable U.S. products.

in many ways, Japan is the least likely place in the world to build a major steel manufacturing complex. It has no iron ore and very little coal. It is on the other side of the world from the major export markets, and it has virtually no energy resources of its own. In fact, many economic planners argued in 1947 that because of these shortcomings, Japan should abandon steel production, rely on imported steel, and direct its capital elsewhere.

Obviously, that group of planners lost out when the decisions where made. Steel production became the nation's number one economic priority. The industry was given favoured treatment in getting low interest loans, and was first in line for natural resources, port development projects, tax preferences, and top managerial ability. Many of the best brains in the country were channelled into the steel industry.

Undercutting U.S. prices

The results were impressive. Japanese steel prices, 50 per cent higher than U.S. prices in 1950, were undercutting the Americans by 1960, During the same period annual production rose 4.6 times, from 4.8 m. tons to 22 m tons. The U.S. and Japan have been fighting a running battle over steel imports ever since then. In 1976 Japan exported 36 m. tons of steel, or 33.6 per cent of its total production.

The notion that the Japanese steel industry was bombed flat during the war, and then rebuilt from scratch is untrue. Only 24.5 per cent of the industry's plant was damaged during the war. But the production of 7.6 m, tons a year at that time is negligible compared to today's 140 m. ton per year capacity

Modernisation

Until 1955, all increases in production were due to modernisation of existing facilities, and no new plants were built. The 10 year delay was crucial. In 1953 the world's most efficient steel manufacturing process was invented by the Austrians, using the basic oxygen furnace (BOF). After 1955 the Japanese went on a building spree taking advantage of this new technological development, 93 per cent of Japan's current steel manufacturing capacity was built after 1955, while the figure is only 32 per cent for the U.S. The BOF was instrumental in the rise of the Japanese steel industry. The construction cost is only 50-70 per cent of a traditional open hearth furnace, and it uses raw materials more efficiently, cutting the production cost of steel by 20-40 per cent. Today BOFs account for 80.9 per cent of Japan's steel production, com-pared to only 62.5 per cent in

While BOFs were being built throughout the country, industry representatives negotiated long term (15 year) raw material supply contracts which gave them the cheapest raw materials in the world. A huge fleet of built carriers was then constructed to get the needed coal, iron ore and oil to the factories.

Labour factor

Another key factor in the Japanese equation for steel production is the labour force. Because of Japan's lifetime employment system, unions do not view modernisation of facilities as a threat to jobs. Strikes are rare, and wage increases are kept to a minimum during times of economic trouble. And while George Meany, the godfather of American labour leaders, accuses steel imports of stealing American

jobs, what else could one expect when American steelworkers earn \$12 an hour and the Japanese get only \$6.50? But while the efficiency of the Japanese steel industry

the Japanese steel industry earns world wide praise, their pricing policy is a disgrace. While American and European steel companies use a published price list, the Japanese have come to use a system known as the joint open sales price, or the "kokai hanbi".

Unofficial cartel

The kokai hanbai system amounts to an unofficial cartel. Each month representatives from the major producers and the Ministry of International Trade and Industry (MITI) have a friendly get-together. They discuss the current problems of the industry, decide on the following month's production, and fix wholesale prices. About 80 per cent of Japan's steel is priced in this

But when the demand for steel becomes slack, the kokai hanbi system breaks down. The wholesalers who market the steel start offering discount prices in an attempt to undersell each other. The result is that prices slide, as has happened this year. The rock bottom prices being offered in the U.S. today do not represent Japanese steel competing with American steel. It is the Japanese trading companies trying to undersell each other in the American market.

Yen revaluation

The Japanese now argue that this year's 25 per cent revaluation of the yen has brought their prices into line with those of American producers. But this is the old familiar smoke-screen. Import contracts for most raw materials, which account for as much as 60 per cent of the cost of steel production in Japan, are dollar denominated. This means that the cost of raw materials, along with imported foreign equipment, is now cheaper.

The result is that for every 10 per cent revaluation of the

10 per cent revaluation of the yen, the cost of Japanese steel should go up by only six per cent. And as of October,

1977, Japanese steel still had a price advantage of 10-15 per cent over American steel.

MITT's strategy of highly leveraging the steel industry worked very well in the per-

worked very well in the period of high economic growth. Japanese steel companies have a debt equity ratio of 4:1 versus the 1:1 ratio of their American counterparts. At the time, many accused the Americans of being fiscally too conservative and holding back on new investments.

Since the oil crisis, Japanse steel production has falled to 70 per cent of its capacity. Heavy debt financing has turned on the Japanese, changing from a docile house pet in a vicious beast. Steel companies are now chafing under a heavy burden of debt. This fact, combined with the industry's precarious short term liquidity ratio means that the companies must liquidate inventories to raise cash needed to pay upcoming bills. In the end, producers must oversell instead is curtailing production. Hense the unpopularity of the Japan

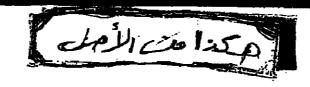
Reference price system

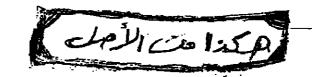
nese steel exporter.

The reference price system despite all the fanfare, will no rescue the American steel in dustry, for it cannot cover if the fact that the Japanese castill produce steel cheaper the the Americans. Thus, it will not have any big impact of Japanese steel exports to the

With the reference price around 5.7 per cent below An erican market prices, the Jst anese can happily continuous competitors. This really wislowly dawn on the America government later in 1978, an another round of protections measures will be forthcomin Either the U.S. will browbet the Japanese into volunts export restrictions, or it wis really get nasty by renewly anti-dumping legal action and instituting a direct quote scious Japanese there is not ing more distasteful than a American quota.

Financial Times News-Features





FORECAST FOR SATURDAY, JAN. 21, 1978

Tour MANDE Daily Will Daily Will

om the CARROLL RIGHTER INSTITUTE

GENERAL TENDENCIES: A day for organizing your houghts and making long-range plans for the future. Maintain a cheerful manner in your dealings with others hs to matter how you feel. Be more optimistic.

ARIES (Mar. 21 to Apr. 19) Morning is fine for ormulating ideas that are workable and then take the ight steps to put them in operation.

TAURUS (Apr. 20 to May 20) Some changes must be , nade at home in order to improve conditions. Be careful of tumbling blocks in the path of your progress. GEMINI (May 21 to June 21) Study your surroundings

arefully and make needed improvements. Make the vening a happy one with congenials.

MOON CHILDREN (June 22 to June 21) An expert can be helpful to you if you contact this person early in the lay. Make sure your home is in fine order.

LEO (July 22 to Aug. 21) A clever idea can bring you penefits, so be sure to act upon it. Try to be less intagonistic toward your mate.

VIRGO (Aug. 22 to Sept. 22) Listen to what an adviser iss to suggest about expanding at this time. Study your nonetary position well and cut unnecessary expenses. LIBRA (Sept. 23 to Oct. 22) Do whatever will please a

good friend, even though it may not be to your liking. Take no risks with your health. SCORPIO (Oct. 23 to Nov. 21) Study credit affairs and be lo whatever is necessary to improve it. Make the evening

happy one from a social standpoint. SAGITTARIUS (Nov. 22 to Dec. 21) You have a good dea but it requires study and work in order to make it

work well for you. Be careful of strangers. CAPRICORN (Dec. 22 to Jan. 20) Study your duties

ind figure out a way to handle them more efficiently. Express happiness with loved one. AQUARIUS (Jan. 21 to Feb. 19) Contact an associate

and discuss ways to have greater income in the future. Strive for increased happiness.

PISCES (Feb. 20 to Mar. 20) Study a new plan that ould give you greater abundance in the future. You can 1 now better comprehend a matter of importance.

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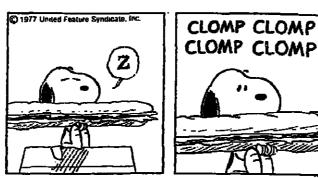
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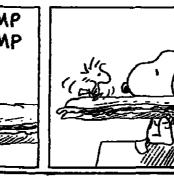
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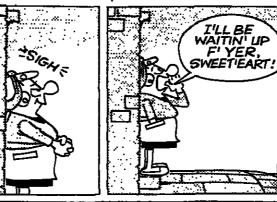






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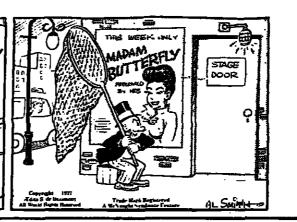




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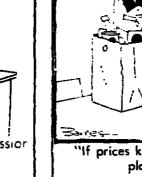
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The bidding: South West North East 1 ♥ Pass 1NT Pass 4 ♡ Pass Pass Pass Opening lead: Two of ♡.

In this day of proliferating calculators, people seem to be losing the ability to count. At any rate, that seemed to be West's affliction on this hand.

Once North showed the values for a response, South bid what he expected to make. It was unfortunate. that most of his partner's values appeared to be use-

West led a low trump. and the queen forced the ace. Declarer returned a trump to East's king, and East shifted to the two of clubs. The queen lost to the ace, and the club return was taken by the king. Next, declarer cashed the ace of diamonds.

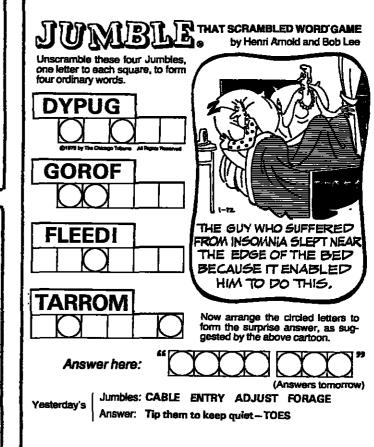
Declarer then led a low spade, and when West elected to follow low, school was out. Dummy's queen won. and declarer had the entry he needed to discard a loser on the king of diamonds. West made his ace of spades for the third trick for the defenders, but the down trick had gone up in smoke.

It is our contention that West should have risen with the ace of spades when declarer first led the suit. thereby denying declarer an entry to dummy. All he had to do was count the hand.

Since declater was missing two high heart honors. it was reasonable to assume that declarer had started with a seven-card trump suit. This was fortified by the fact that declarer didn't draw another round of trumps when he had the chance. East's shift to the two of clubs meant that he had exactly four cards in that suit, so declarer was marked with three clubs. And declarer had already shown the ace of diamonds.

If declarer's remaining two cards were one diamond and one spade, the contract could not be defeated. If both were spades, rising with the ace and returning; the suit could have only a beneficial result.

If declarer had two losing spades, East would score the king. If declarer held the king of spades, he would be locked in his hand with no way to get to dummy, and he would have to concede a club trick to East for down



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Conflict grows hotter as Viets annihilate Cambodian battalion

BANGKOK, Jan. 20 (R). — Vietnam declared today that its patience with Cambodia was wearing thin, indicating fresh Cambodian border attacks would meet stern retaliation. Vietnam also said it had wiped out an entire Cambodian army battalion and captured more than 100 weapons. The Vietnam news agency said the raid was a retaliatory action for two attacks in the last two days by Cambodian troops in the border sector.

Observers here saw the Vi- still intense. etnamese statements as among the toughest yet from Hanoi in the month-old border war between the two communist

neighbours. Fighting has flared up throughout this month, and today's Hanoi statement, that its forces have wiped out an entire Cambodian battalion of 1,000 men, showed the conflict was

Cambodia's official radio reported no fresh developments in the war today as the country's leaders continued ta-lks with Chinese envoy, Mme. Teng Ying-chao, the widow of

Premier Chou En-Lai Mme. Teng met Cambodian Premier Pol Pot yesterday for the second consecutive day, the radio said.

Suspects in killing of Spanish premier freed

MADRID, Jan. 20 (AFP). — A Madrid court today amnestied all suspects charged with the 1973 assassination of Premier Luis Carrero Blanco. It also amnestied those charged with the bombing in 1974 of the Madrid Police Headquarters at the Puerto Del Sol in which 13 died and 70 were injured. A total of 19 people, most of them Basque separatists; were affected by the court's decision. Admiral Carrero Blanco died on Dec. 20, 1973, after his car was blasted up over a six-storey building by a landmine placed in a tunnel beneath a street which he travelled regularly to attend Mass. Responsibility was claimed by the Basque separatist group ETA, but among those arrest-ed for the bombing was the Madrid sociologist Genoveva Forest. She and ETA militant Jose Ignacio Mugica Aguirre were both also charged in connection with the Puerta Del Sol bomb-ing, nine months later.

Salisbury talks abruptly

SALISBURY, Jan. 20 (Agencies). - Black and white Rhodesian leaders are close to agreement on safeguards for minority whites under black rule, informed sources said last night.

But plans for Prime Minister Ian Smith, Bishop Abel Muzorewa and the kev. Nda baningi Sithole to continue negotiations today were unexpectedly shelved after yesterday's

A government spokesman said they would now resume some time next week at the request of Mr. Sithole,

The sources said it had been hoped to reach agreement today on the final remaining problem -- the composition of the security forces after legal independence. But the delay was not regarded as a major setback.

Meanwhile, Britain yester-day welcomed the decision by the exiled Rhodesian nationalist Patriotic Front to resume direct talks with Foreign Secretary David Owen on the Anglo-American plan for an internationally-acceptable settle-

ment in Rhodesia. A Foreign Office spokesman

in London yesterday said that before replying to Patriotic Front co-leaders Joshua Nkomo and Robert Mugabe, Dr. Owen would assess prospects for a meeting in Malta next uld take part. week, as suggested by the two exiled Rhodesian nationalist

House arrest anew for Mrs. Bhutto

KARACHI, Jan. 20 (R). - Mrs. Nusrat Bhutto, wife of Pakistan's ousted prime minister, was last night placed under renew-ed house arrest in Karachi "until Jan. 24", police sources said. She and her daughter Benazir were last weekend released from house arrest in Lahore. Miss Bhutto was yesterday driven from the family's Karachi seaside villa and the sources said she was being taken to Lahore. No official reason was given for last night's order but Pakistan People's Party (PPP) sources said Mrs. Bhutto had planned to watch the third cricket test match between Pakistan and London in Karachi today. Fierce clashes between rival political groups erupted when Mrs. Elautto, who became leader of the PPP following a military coup against Prime Minister Zulfikar Ali Bhutto last July, appeared as a spectator at the second test match in Labore last month.



Italian Premier-designate Giulio Andreotti answers reporters questions in Rome last week when he announced his resignation.

Mr. Andreotti is back in the saddle now after President Giovanni Leone asked him to form the government again on Thursday

Thousands of East Europeans said to fight Ethiopian wars

NAIROBI, Jan. 20 (Agencies). — Somalia's charge d'affaires in Kenya said today there were between 7,000 and 8,000 - Russians and between 6,000 and 7,000 Cubans supporting Ethiopia in its wars against Somali forces in the east and Eritrean guerrillas in the nor-

Mr. Dahir Hussein Dirir told a press conference there was also a force of 5,088 to 6,000 from other Warsaw Pact coun-tries, including East Germany, Czechoslovakia, Poland and Hungary, in Ethiopia.

"All the big hotels, palaces and military barracks are fre-ely used by them," he said. His information was based on Somali intelligence networks, he said.

American intelligence estimates have said up to 2,000 Cubans and 1,000 Soviet military advisers have been flown to Ethiopia to help train the country's forces in the use of

But the stiffening could also

be designed to satisfy the party's rank and file plus the

trade unionists, who have been

chafing at the bit over Mr. An-

is the six-party pact signed by the Communists in July, pi-

edging their support for the

of denouncing the pact in hol-

ding back his support last week, opting instead for ra-

Mr. Berlinger stopped short

outgoing administration.

ising the stakes.

Mr. Andreotti's trump card

dreotti's austerity measures.

new tanks, aircraft and guns rushed in from the Soviet Union in the last few months. Ethiopia maintains it is only receiving material help from Cuba and the Soviet Union, and a senior Ethiopian official this week, denied that any foreign personnel were fighting on Ethiopian soil.

Ethiopia siams West

Meanwhile, a member Ethiopia's ruling Military Council (Dergue) yesterday accu-sed the West of a campaign of villification against Ethiopia even though "invading Somali forces" were committing "inforces" were committing describable atrocities" against

on Ethiopian territory. on Ethiopsan territory.

The Dergue's Information and Public Relations chief.

Sub-Lt. Tamrat Ferede, told a delegation of South Yemen journalists visiting Addis Ababa "frantic" attempts to reverse the Ethiopian revolution and violate the country's unity and territorial integrity had "occasioned direct imperialist involvement, more particularly on the part of American in perialism.

He said Ethiopia "harbourge no territorial ambitions" no territorial ambitions, against her neighbours but would "resolutely defend her from tiers" no matter how bitter or protracted the struggle.

Soares signs pact with conservatives

LISBON, Jan. 20 (AFP). --Portugal's caretaker Premier, Socialist Mario Soares, last night signed a coalition pact with the conservative Socia-list Democratic Centre (CDS). Reliable sources said the CDS would hold three of a dozen posts and five of about 30 junior ministries in a streamlined government. In additi-on, a CDS member will repla-ce Socialist Vasco da Gama Fernandes as President of the National Assembly next October, and Mr. Soares has proposed CDS Party leader Diogo Freitas da Amaral for that job. The pact, ending a six-week government crisis, was condemned by Communist Party chief Alvaro Cunhal yesterday as

"an unnatural marriage". Mr. Soares, expressing regret that a pact with the Communists had not been possible, has said the Socialists would not undermine the "social and political conquests" of the

1974 revolution. The pact, he said, would enable him to govern "in stability and for a long time." Mr. Soares had been premier of a minority government since July 1976, after the first elecThe coalition will theorem cally control 143 of the 263 as ats in the National Assembly, though Mr. da Amarai said in a television interview last night that some dissent we to be expected in his

Unmanned craft will dock with Soviet Salyut-6

MOSCOW, Jan. 28 (R). -The Soviet Union today hawill try to dock with the orhiting space station Salyu-Six, the Tass hews agency reported today.



S. African bulldozers encroach on blacks

CAPE TOWN, Jan. 20 (R). — Black squatters in the share town of Unibell yesterday began dismantling their shacks save them from destruction as government bulldozers demoli the camp. Scores of people helped to take down Unibeline Nonchwakazi School, collecting the sheets of corrugated imp for use in another camp. A spokesman for the regional But Affairs Administration Board, which is supervising the demi lition of the township, said because the squatters had begu taking down their own homes, the clearance might be completed by soon. The government says the squatters are in area "illegally". It has set up an office at Unibell to provide in warrents for residents wishing to be settled in the homeland -- the areas set aside for blacks under South Africa's rack segregation system.

Rebel camps fall to Filipino troops

MANILA, Jan. 20 (Agencies). Government forces capture a major Moslem rebel camp in southern Philippines on Monda after fierce fighting, it was announced today. A military spots man said that 1,000 troopers were involved in the attack again a guerrilla force estimated at between 500 and 700. He said rebels were members of the Moro National Liberation From (MNLF), an insurgent group fighting for Moslem self-rule set 1972 in the predominantly Christian Mindanao region, 500 mls south of here. The rebel camp which fell on Monday was in fourth captured by government forces since hostilities resume last September after ten months of truce. The spokesman the rebels had broken up into small bands planting mines terrorise civilians and were avoiding confrontations on a latest scale. Meanwhile informed sources in the southern Zamhosn City today said government forces have launched a large less sea and air assault against rebel forces in Jolo Island, 960 to south of here. They said the main scene of fighting was a Panamao on Jolo where another rebel command post was on

Fifth U.S. grain sile explosion

KANSAS CITY, Jan. 20 (AFP). — Three workers died EARLS CLIT, Jan. 20 (AFF). — Inree workers that six others were injured, two of them seriously, in a grain sexplosion in the suburbs here last night. The explosion was fi lowed by a fire which took two hours to extinguish. This is the fifth grain silo explosion in the United States in two months in which fifty people, have died. Silo explosions are frequent caused by fermention creating a gas which builds up in the strength of the silone strength of the silone silone

Dutch government's programme approved

THE HAGUE, Jan. 20 (AFP). - The new right-of-car Dutch government last night won a series of parliamentary we shich amounted to investiture. The rejection of the opportion's motions brought to an end a four-day debate on President and Advanced to the control of the opportunity of the control of the opportunity of the control of the contro Andreas van Agt's government's programm

Hijacked plane flies back to Ecuador

QUITO, Ja. 20 (AFP). — A SAETA Airline Caravelle acked on Wednesday to Havana flew in here yesterday and immediately surrounded by troops. Doctors went on board examine the passengers. The plane left Quito on Wednesday Guayaquil with 32 passengers aboard. It was hijacked en 102 by a man and a young woman demanding to go to Cubs. I plane first stopped at Guayaquil, where old persons, woman definition were allowed to leave. The plane then stopp over in Panama for an hour's refuelling and arrived early in the plane and arrived early in the plane and arrived early in the plane arrived early in the plane and arrived early in the plane arri over in Panama for an hour's refuelling and arrived early terday morning in Havana.

begins efforts to form Andreotti

ROME, Jan. 20 (Agencies). - Prime Minister-designate Giulio Andreotti began efforts to put together a new governme-nt today, but the Communist Party was clearly in the driver's seat.

There is speculation that her

visit is aimed at sounding out

prospects of bringing Vietnam and Cambodia to the negoti-

ating table.

Meanwhile, China for the fi-

rst time today threw the bla-

me for the Cambodian-Vletna-

mese conflict on the Soviet

The official Chinese pres

published a New China News

Agency (NCNA) article accu-

sing the Soviet Union of "st-

irring up trouble and adding fuel to the conflict" between

the two countries.

Mr. Andreotti, whose previous minority Christian Democrat government resigned last Monday, must strike a deal with the Communists to come up with a cabinet that can survive in parliament.

"I do not hide the difficulties," he told reporters yesterday after a meeting with President Giovanni Leone. "The positions in the parties are ra-ther divergent."

The Communists, holding one out of every three seats in parliament, are the country's number-two party after the Christian Democrats who holds 39 per cent of the seats.

It was the Communists who triggered the current crisis by withdrawing their support for Mr. Andreotti and calling for the formation of an emergency government in which they wo-

Since the Socialists, who hold 10 per cent of the seats in parliament and other middle-

Chinese Vice Premier Teng Hsiao-ping said in an interview today that there was no possibility of any rapprochement between China and the Soviet Interviewed for French Tele-

PEKING, Jan. 20 (AFP). —

of-the-road parties have

fused to form a coalition with

the Christian Democrats alo-

the Communists hold the

Communist Party leader En-

rico Berlinguer has even sug-

gested that a leftwing govern-

ment could be formed without

the Christian Democrats, but

his calculation, though theore-

tically possible, is not being

taken seriously here even by

the Communists themselves.

Not even the Communists

themselves can imagine the

vision, Vice Premier Teng warned that China was not afraid of the Soviet Union in case the Russians attempted a war Mr. Teng predicted that the

country that had launched the conflict between Cambodia and Vietnam would "come to no good end."

His remark followed an earlier dispatch by the official New China News Agency blaming the Soviet Union for the Cambodian-Vietnamese conflict. China has supported Cambodia in this affair.

Asked whether China would modify its policy towards France if the leftists won the coming French general elections, Mr. Teng replied that this would depend on the new leaders' attitude but the people of the two countries had always en-joyed friendly relations. If the French position towards China remained the same the two countries would remain on good terms and there would be no problem, Mr. Teng said.

Christian Democrats, who have

dominated Italian politics for

30 years, to be relegated to

the opposition -- given the in-

The Communists, therefore, have stiffened their stand at

the start of consultations to

form the new government, a

process which could be long

This could be a tactical

manoeuvre, however, with the

Communists willing to accept

a de-facto entrance into a rul-

China's Teng: No chance of

rapprochement with Moscow

ternational consequences.

and arduous

reasons and development of

Questioned on a possible Sino-Soviet rapprochement, Mr. Teng replied with another question: "Do you think the Soviet's social-imperialist nature could change? I don't." In reply to another question the Chinese vice premier said be does not consider the possibility of a Sino-Soviet conflict sparked by American meddling, which would push certain Chinese leaders into the areas of the Russians. Mr. Teng said: Perhaps some people would like to see war between China and the Soviet Union. If the Soviets dared to attack we

No rapprochement

would not be afraid."

the Cambodian-Vietnamese conflict, Mr. Teng Hsiao-ping said: They should not fight among themselves. Whoever provoked this conflict will come to no good end. It is the same for anyone committing aggression against another country as France and the United States discovered. They both sent 500,000 modernlyequipped troops to Vietnam and Cambodia but were eventually beaten." The vice premier continued

Asked for his views on the

that this was why China was not afraid of the Soviet Union desnite its military superiority: "What counts is to know whether a war is just or unjust. Those carrying out a war of aggression may have the upper hand for a while but in the long term will lose. This is what happened to the Americens and would happen to the Soviets if they launched a war on us."

Portugal may soon have a government but lot must be done for 1978 to be a happy year

With inflation, unemployment, falling wages, chaotic agri-culture, stumbling industry, dwindling creditworthiness and a weak caretaker government, it is hardly surprising that Portu-gal's president has not dared to wish his people a Happy New

By Diana Smith

LISBON — On New Year's Day, President of the republic Gen. Ramalho Eanes addressed the Portuguese people on nation-wide television. He warned them that, in 1978, Portugal would have to put her house in order, since she was burdened by an intolerable trading deficit and the threat of such excessive reliance on the outside world that her very national sovereignty was in danger.
Significantly perhaps, President Eanes did not wish the public a Happy New Year. In-

deed, barring incurable optimists, the people of Portugal have little to be happy about as 1977 ends and 1978 begins. Inflation, unemployment, a drop in real wages, chaotic agriculture and stumbling industry are factors that many co-

untries have to cope with in the latter half of the 20th century, but Portugal's woes are aggravated by her traditional dependence on the outside wo-

rld for essential supplies. Furthermore, since Dec. 8, 1977, Portugal has not had anything more than a caretaker government. On the day, Prime Minister Mario Soares, leader of the minority socialist executive, found himself defeated in parliament on a motion of confidence in which rivals to his left and his right joined forces to signify their disappro-

val of his administration. Thus, vital decisions must constantly be shelved until a new cabinet can be formed: the country has no budget for 1978, no overall government plan and, worse still, dwindling foreign exchange reserves with which to pay the end-of-

Before he can form a new government -- having been invited to do so by President Eanes -- Mr. Soares must work out a common platform for a coalition government. This is a delicate task which, so far, has met with little suc-

The thorniest item in this platform is the need for the Portuguese to tighten their collective belts in 1978 to the point where it will hurt. If they do not do so, the country runs the risk of witnessing the dis-appearance of her foreign cre-ditworthiness - -on which Portugal depends for survival --and the need to sell precious gold reserves to pay basic The value of real wages dro-

pped by about 18 per cent in 1977. The cost of living (excluding rents) rose by about 29.5 per cent. Certain food supplies -- namely, milk and dried cod, once a national standard cost of the cost of ple -- are running irritatingly short. The average Portuguese worker is not over-enchanted by the prospect of an austere

Furthermore the Communist

Party, which still strongly do-minates the labour world, is pressing its claims with the Socialists, demanding that the man in the street not be forced to bear the brunt of national sacrifice. On the other hand, the Por-

tuguese businessman is also determined not to suffer excessive sacrifice. Private enterprise still accounts for more than 89 per cent of national production (although the pubsector now holds nearly per cent of the fixed capital formation), 95 per cent of employment and 93 per cent of exports, covering about 36,000 small, medium and lar-

One of the proposals put forward by the International Monetary Fund as a means of holding down the growth of Portugal's GDP in 1978 and, consequently, containing infla-tion, is a fierce credit squeeze. This would affect both the consumer and the investor, with drastically selective credit and high rates of interest.
Since Portuguese industry, whether private or public, can

never recover fully until mas-

sive investment is made in new

equipment, a 1978 credit squeeze is viewed with dismay. Furthermore, reliant as it is on imports of raw materials and capital equipment, Portuguese industry will be hit hard by the IMF's request to contain imports for at least a year, both through basic cuts, and further devaluation of the escudo (already about 24 per

cent lower than its December

1976 rate). Meanwhile, alarmingly many observers, a parallel black market economy is sprout-ing. It is based on illegal transactions in foreign currency by the "man around the cor-ner" who gives tourists a strikingly favourable rate of ex-change for their dollars, pounds. marks, francs or pesetas. This currency is then spent on smuggled domestic appliances (up to one-third of all those sold in the country, many sources agree), meat, fish, tobacco and liquor. Just after Christmas, 18 tonnes of meat were found by the frontier police concealed in a lorry shipment of metal ingots coming in from Spain. This is not the first incident of its kind.

currency and goods thrives, the state coffers' reserves of gold and foreign exchange pl-unge periodically into the red as they did in November, when obligations exceeded re-serves by some \$231 million. Observers shake their heads in grave concern over the "I'm allright, Jack" mentality developing in many sectors of Por-tuguese life, This includes the

bureaucracy, where recent ac-cusations of deep-rooted cor-

ruption or even criminal practices caused brief stirs were quickly forgotten. In many areas, the country seems to be floating adrift, waiting for a strong personali-ty to pull it together and cure its ills. This attitude, however, worries those who hope that Portugal will keep herself firmly planted on the rails of democracy, since the memory of authoritarian saviours of

the not-too distant past has

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